



KENTUCKY DEPARTMENT OF REVENUE

Kentucky *Sales Tax Facts*



House Bill (HB) 8 (Effective January 1, 2023)

DOR continues to focus on implementation issues related to HB 8 passed during the 2022 Legislative Session. The scope of tax changes enacted by the General Assembly is significant, and one feature is an expansion of the sales and use tax base to include 34 additional services, effective January 1, 2023. The department has posted a dozen sets of FAQs to provide guidance on these newly taxable services. Some of the topics included are cosmetic surgery, lobbying services, massage services, parking services, photography, rental spaces, and testing services. This material is available on the department's website at the following link: [Sales Tax on Services - TAXANSWERS \(ky.gov\)](https://www.ky.gov/kydorsales-tax-on-services-taxanswers). Please make sure to monitor this website as the department continues to post updated information about HB 8.

Residential Utility Exemption

There has been extensive attention given to this particular provision within HB 8. Effective January 1, 2023, the definition of residential utilities shifts from reliance on tariff language filed with the Public Service Commission (PSC) to a customer declaration affirming that the utility services purchased are used by the resident at his or her place of domicile.

For residential utility customers with only one service address with a single meter, there should be no change in exemption status, and there is no requirement to fill out a declaration of domicile unless contacted by the utility company. In some cases, utility customers may have more than one meter at the same service address, for example, a separately metered outbuilding

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The department will no longer mail paper tax returns to filers unless the account holders have received a waiver due to inability to file and pay electronically.

or a new meter added to a home expansion. In such cases, the utility customer will need to complete the declaration of domicile, Form 51A380, and send it **to the utility company** to document the residential exemption for both meters. For landlords who have a single meter at a duplex or apartment complex, they need to get all their residential tenants to complete the declaration of domicile, Form 51A380, and then submit those forms along with the multi-unit declaration of domicile, Form 51A381, **to the utility company** to qualify for the residential exemption.

Please be aware that second homes no longer qualify for the residential exemption. If a person owns two separate houses, then one house must be declared as the primary place of domicile and payment of sales tax is due on the utility bills for the other house.

Further details on the residential utility exemption are available at [Residential Exemption Changes - TAXANSWERS \(ky.gov\)](#).

Utility Exemptions Available for Farmers

There are many longstanding sales and use tax exemption provisions for farmers; however, there is no exemption for the farm use of electricity. HB 8 made no changes to the application of sales and use tax to utility services for farm usage. The current applicable farming exemptions for various utility services are as follows:

1. Water used for the production of crops, the production of milk for sale, and the raising and feeding of livestock and poultry, feeding ratites, llamas, alpacas, buffalo, cervids or aquatic organisms.
2. Gasoline, special fuels, liquified petroleum gas, and natural gas used exclusively and directly in certain farming operations as provided under [KRS 139.480\(15\)](#). For example, fuel used in a farm tractor or natural gas used in an on-farm dairy facility are eligible for an exemption from sales and use tax.

Note: Again, there is no agricultural exemption from sales and use tax for the purchase of electricity.

Online Filing

As part of the staggered implementation of mandated electronic filing and payments that began October 1, 2021, the department is no longer mailing paper tax returns except in cases where taxpayers have received a limited waiver from the electronic requirements under the provisions of [KY Regulation 103 KAR 1:160](#). The mandated electronic filing and payment requirements includes all taxes that are already part of DOR's eFile system. These taxes include sales tax, consumer's use tax, transient tax and waste tire fee. The department has begun assessing applicable penalties for filers that continue to ignore the electronic filing and payment mandate.

To enroll your business for electronic filings at the Kentucky Business Onestop (KBOS), go to: <https://onestop.ky.gov/Pages/default.aspx> and follow these steps:

1. Click "One Stop Business Services" to sign into your KBOS account (first time users will be asked to create an account by using the One Stop Business Service Link).

2. Link your business to your KBOS account.
 - a. From the dashboard, click “**Link My Business**” at the bottom of the screen.
 - b. Link the business to your account using the CBI number.
 - c. If you do not have the CBI number click the hyperlink “**click here**” and answer the questions to be immediately provided your business’s CBI number and security token.
 - d. Once the CBI and security token are provided, enter the email you used for your OneStop account.
 - e. Following this step, click **Invite User**.
 - f. Click Return to dashboard.

3. To File Taxes
 - a. Click the **business name**.
 - b. Click on the **obligations** tab.
 - c. Click on **file taxes**.
 - d. Click on the **account number**.
 - e. Click on **file now** for the period you would like to file.

4. To Create a Payment
 - a. Complete the return.
 - b. On the right-hand side of the screen, click **make a payment**.
 - c. You can also use the department’s stand-alone payment site at <https://epayment.ky.gov/>



Agricultural Exemption Number

KRS 139.481 requires farmers to apply for and use an Agriculture Exemption Number issued by the department to claim the sales and use tax exemptions available to them under the provisions of KRS Chapter 139. The Application for Agriculture Exemption Number, Form 51A800, is available on the DOR website at <https://revenue.ky.gov/Pages/index.aspx> under Sales Tax Forms. Applicants should submit the forms to DOR.Webresponsesalestax@ky.gov or to the department’s address located on page 2 of the application.

Retailers should be aware that, effective January 1, 2023, any purchasers claiming an agriculture exemption must provide an Agriculture Exemption Number to be eligible for the exemption claim. A common practice has been for farmers to issue a farm exemption certificate with their state-issued driver’s license; however, this type of identification is no longer valid. Eligible exempt purchases must now be tied to the farm and address associated with the Agricultural Exemption Number issued by DOR. More information is available on the department website at [FAQs for AGRICULTURE EXEMPTION APPLICATION](#).



Disaster Relief Declarations

KRS 139.519 provides for a refund of Kentucky sales and use tax paid for building materials permanently installed in the repair or replacement of structures damaged in counties covered under a federal disaster relief declaration. Under this statute, there are currently three active disaster declarations issued that allow taxpayers to apply for a refund of up to \$6,000 in sales tax paid on materials for each building damaged or destroyed in the affected areas.

State assistance is available for those affected by the tornadoes of December 10-11, 2021, in the following counties: Barren, Caldwell, Christian, Fulton, Graves, Hart, Hickman, Hopkins, Logan, Lyon, Marion, Marshall, Muhlenberg, Ohio, Taylor and Warren.

State assistance is also available for those affected by severe storms, straight-line winds, tornadoes, flooding, landslides, and mudslides from December 31, 2021, to January 2, 2022. Those counties are Boyd, Breathitt, Carter, Christian, Clay, Floyd, Green, Johnson, Knott, Lawrence, Owsley, Pike and Taylor.

State assistance is also available for those affected by severe storms, flooding, landslides, and mudslides that began on July 26, 2022. Those counties are Breathitt, Clay, Floyd, Knott, Lee, Leslie, Letcher, Magoffin, Martin, Owsley, Perry, Pike and Whitley.

Retailers, especially those serving the public in these disaster areas, should be prepared to comply with requests for additional detail from homeowners or contractors working to repair and replace damaged buildings. To be eligible for the sales tax refunds, there must be documentation on receipts that the retailer charged and collected the sales tax.

Additional information and frequently asked questions about these refunds are available at the following site:

<https://revenue.ky.gov/Business/Sales-Use-Tax/PublishingImages/Pages/default/Disaster%20Relief%20-%20Sales%20and%20Use%20Tax%20FAQs%20-%20209-6-22.pdf> If you have questions about the application and refund process, please call (502) 564-5170 and choose option 1.

Testing Services

Under the provision of HB 8, testing services became subject to sales and use tax, effective January 1, 2023. Additional FAQ guidance on this topic is available at [Testing Services - TAXANSWERS \(ky.gov\)](#). However, testing for medical, educational or veterinary reasons is excluded from taxable testing services. Small animal veterinarian testing services became taxable under the provisions HB 487, effective July 1, 2018. Based upon this most recent law change under HB 8, veterinarian practices that have been charging sales tax on their small animal testing services may exclude this charge from their sales tax calculation if they separately itemize the testing charge from the remainder of their taxable veterinarian services.



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- 2021 Legislative Updates..... June 2021
- 2022 Legislative Updates June 2022, Sept. 2022
- SB 148 Registration of Farmers June 2020, Dec. 2020
- HB 351 Golf Course Admissions June 2020
- HB 351 Marketplace Providers June 2020
- HB 351 Exemption for Certain Alcohol Beverage Manufacturers June 2020
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- HB 230 & SB 255 Cryptocurrency..... June 2021
- HB 8 Expansion of the Sales Tax Base..... June 2022, Sept. 2022
- HB 659 Peer-To-Peer Ride Sharing June 2022

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- Filing Tips for Paper Returns/Online..... Dec. 2020, Dec. 2021
- Mandated Electronic Filing of Tax Returns Dec. 2020, June 2021, Dec. 2021

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- Labor to repair or alter footwear, watches, or jewelry..... Sept. 2022
- Labor or services to repair commercial refrigeration units and systems..... Sept. 2022
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2023 Sales Tax Seminar Opportunity

The department will again offer a free sales and use tax seminar to the public in 2023. The October 2022 seminar was well-attended, both in person and via Microsoft Teams. If you are interested in attending a seminar in 2023, please contact the Division of Sales and Use Tax by phone, (502) 564-5170, or email DOR.WebResponseSalesTax@ky.gov

This newsletter is intended to provide practical information to assist persons in fulfilling their sales and use tax obligations to the Commonwealth.

This newsletter is archived on the Department of Revenue website at revenue.ky.gov and future editions may be accessed at the website.

To submit additional questions or suggestions for future topics, please contact us at:

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